

design
milk co.

Q1 FY22 Trading Update



Q1 FY22 Trading Highlights

9.5m followers
*Across Instagram,
Twitter, Pinterest and
Facebook*

A\$1.2m
Q1 FY22 revenue
Up 128% vs. Q1 FY21

A\$435k
Design Milk
eCommerce revenue
Up 65% vs. Q1 FY21

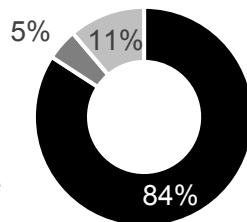
A\$120k
Improvement in
EBITDA
vs. Q1 FY21

A\$1.9m
Pro forma cash
balance as at 30
September 2021¹

**Website refresh
and new marketing
events planned**

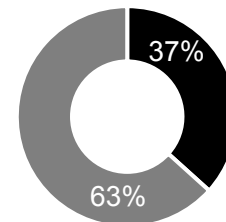
Total transaction value

- Design Milk
- AHAlife
- Kaufmann Mercantile



Total revenue

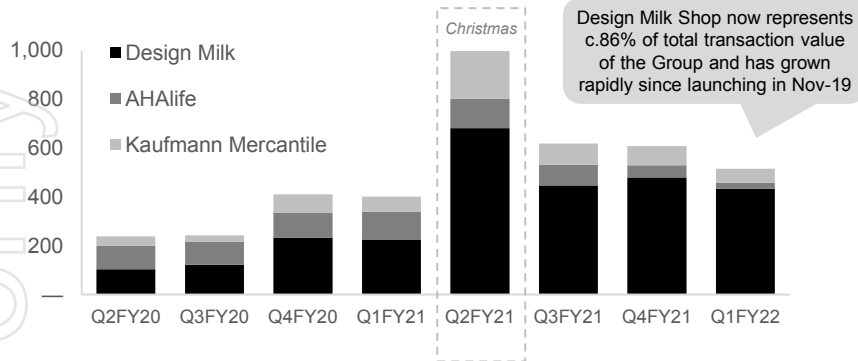
- eCommerce
- Advertising



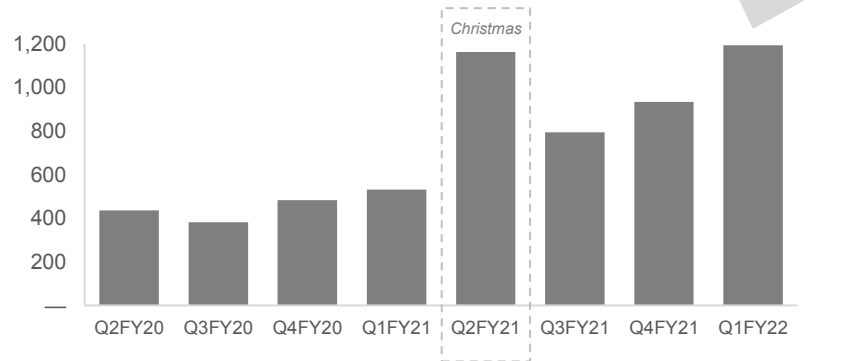
Notes: 1. Pro forma for A\$425K to be received from the Q1 FY22 completed Genesis "Next Generation of Art Cars" media campaign.

Q1 FY22 Financial Performance

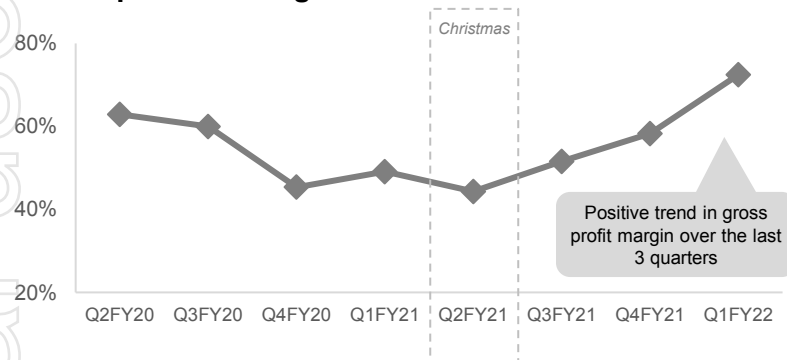
Total transaction value (A\$'000s)



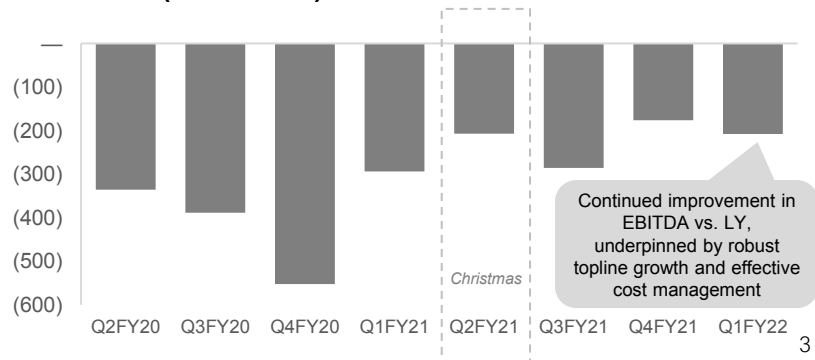
Total revenue (A\$'000s)



Gross profit margin



EBITDA (A\$'000s)

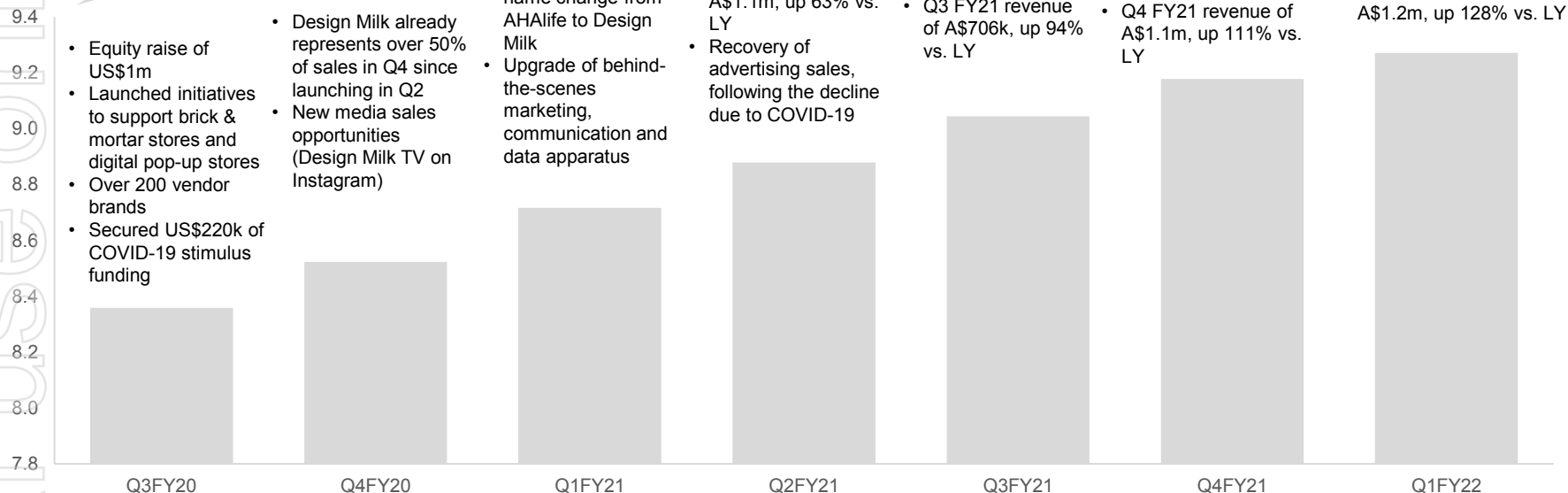


Design Milk's Journey

Design Milk followers (millions)



Design Milk Shop Launch in Q2 FY20 (Nov-19), complementing the existing offering of our high quality editorial content





CEO Update

“FY22 has started extremely well. Our Q1 results are the best we’ve delivered since the launch of Design Milk.

Our Team spent the past 6 months refining and upgrading every element of our operations, systems and procedures. Their creative effort and desire to deliver high quality content and customer experience has lifted us to this point. My continued thanks to them for their hard work.

In September we completed several new platform updates to better coordinate the different business functions. This included a new transaction-management platform, a customer facing delivery-tracking service, and several data analysis tools.

Today our strong growth + performance is delivered via our existing marketing channels and content. This month we will refresh the Design Milk website, upgrade our product search and navigation functionality, launch a new influencer partnership, and rollout new shop-friendly video content. All of which delivers additional growth to the business.


CEO Update cont'd

Our sales continue to grow and develop in a healthy, sustainable way as we carefully add new products and introduce our Advertising and Media services and growing 9.5 million audience to new industries and clients.

This year we have focused on improving the customer experience, more intuitively linking Content + Commerce, removing any friction to purchase, improving Search and other functionality, and generally trying to help our community seamlessly explore our platform and content.

I am really pleased with the result of our team's hard work. Our websites, content, product curation and marketing have never looked better. We have significantly improved our operations and coordination and have a clear vision of our potential. I am more confident than ever that we are on the right path to success.

Thank you for your support and interest in what we're building."

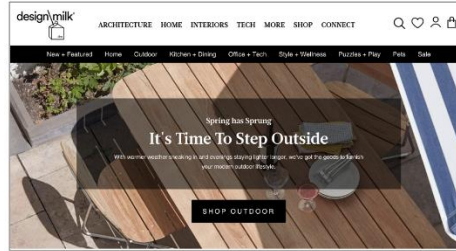


Robert Mancini, CEO Design Milk Co.

Sydney, Australia and Columbus, OH, USA
20th October 2021: Design Milk Co. Limited (ASX: DMC)



Our Brands

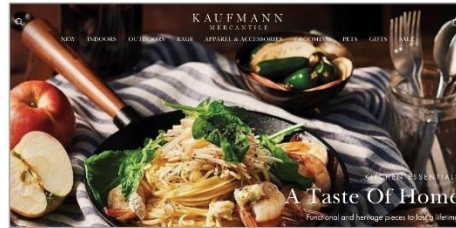


Business Services:

- eCommerce: B2C, and Trade
- Editorial Content
- Advertising + Media Services
- Pop-Up Retail

Audience: Broad demographics. Appreciate all things modern design related, and high-quality editorial content that supports the design + creative process.

Categories: Furniture, Decor, Lighting, Kitchen + Dining, Office, Tech, Jewelry, Bags + Accessories, Wellness, and Pets.



Business Services:

- eCommerce B2C
- Editorial Content
- Pop-Up Retail

Audience: Men, self or gift purchase, informal, outdoors, appreciates craftsmanship.

Categories: Home/Cabin, Decor, Furniture, Lighting, Kitchen + Dining, Tech, Pets, Gadgets + Tools, Garden + Yard, Bags + Accessories, Wellness, and Pets.

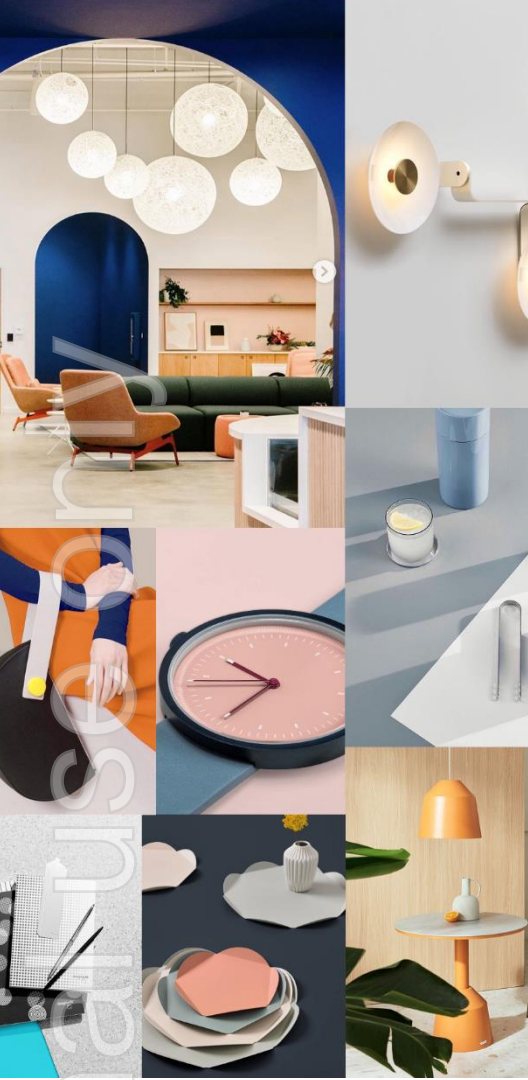


Business Services:

- eCommerce B2C
- Pop-Up Retail

Audience: Women, self or gift purchase, urban, premium position

Categories: Jewelry, Bags + Accessories, Home Decor, Beauty, Kitchen + Dining, Wellness.



Our Approach

- **Content-drives-Commerce**

Editorial, video, social, events, pop-up retail, advertising. All interlinked, driving revenue

- **Drop-Ship focus**

Agile, no-inventory or related operating costs

- **Diversified revenue streams**

e-Comm, sponsored media, advertising, affiliate publishing, pop-up retail + trade events

- **Shared-Service platform**

One integrated team efficiently manages + supports multiple websites

- **Differentiated lifestyle-curated websites**

Each website has a unique lifestyle + product projection, broadening our audience + sales

- **Multiple growth opportunities**

Double our vendor base, exclusive products, live-shopping events, new Trade/B2B platform, larger pop-up retail events, a Design Milk Studio for unique video + product content, combine our on + offline experiences, and MUCH MORE !

Our Board and Management



Robert Mancini – Chief Executive Officer

- Appointed CEO in July 2018
- Extensive global luxury goods, fashion and e-commerce experience across multiple channels, categories, and geographies of the retail industry
- 20+ years with brands such as Ralph Lauren, Lbrands, Richemont, and Alfred Dunhill



Mike Hill – Chairman

- 20+ years Private Equity and Advisory experience in Australia and the UK
- Founder and CIO of Bombora Special Investment Growth Fund
- Currently Chairman of Janison Education Limited and PKS Holdings Limited



Arnaud Massenet – Director

- Joined Board following a successful capital raise in September 2017
- Founding partner of Net-A-Porter and an active Board member for 10+ years
- Previously an Investment Banker with Morgan Stanley and Lehmann Brothers



Jaime Derringer – Chief Creative Officer

- Appointed Chief Creative Office upon acquisition of Design Milk in February 2019
- 20 years in the design and media industries
- A leading authority within the modern design community



Christopher Colfer – Director

- 20+ years experience in luxury goods, branded goods and e-commerce
- Served as Board Member of Net-A-Porter & LYST
- Currently sits on the Board of several consumer goods companies, including Woolworths Holdings Group, Nude by Nature, and Mobile Digital



Mike Everett – Director

- 25+ years capital markets and advisor experience
- Established leading independent capital markets advisory firm, Reunion Capital in 2013
- Previously Managing Director of Equity Capital Markets at Goldman Sachs



For more information regarding Design Milk Co. Limited (ASX: **DMC**)

Please visit www.design-milk.com, or contact:

Robert Mancini, Chief Executive Officer: +1 (877) 799 4637

Sapir Elias (Company Secretary): +61 (404) 445 383

Investor Relations: ir@design-milk.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Design Milk Co. Limited

ABN

15 006 908 701

Quarter ended ("current quarter")

30-SEPT-21

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (.....months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	617	617
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(240)	(240)
(c) advertising and marketing	(68)	(68)
(d) leased assets		
(e) staff costs	(676)	(676)
(f) administration and corporate costs	(157)	(157)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(526)	(526)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(5)	(5)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (.....months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(5)	(5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,670	1,670
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(526)	(526)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (.....months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,139	1,139

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	1,139	1,670
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,139	1,670

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>When compared to previous reports, \$219K was achieved through the Covid-19 Payment Protection Program administered by the U.S. SBA. The "Loan" was entered into on 4/28/20. Design Milk Co Limited is happy to report this note received full forgiveness by the United States Small Business Administration on 9/15/21. No further action or any repayment is needed post Q1 2022.</p>		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(526)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,139
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	1,139
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: Cashflow remains positive. The 4C reflects our incurred Q1 expenses of large media projects whilst we await payment for these campaigns in Q2.</p>		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: None.</p>		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: With the upcoming Holiday season and strong Shop activity predicted combined with the payments from Q1 media campaigns, cashflow remains very positive.</p>		
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 October 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.